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ABSTRACT

The suggestions contained in this guide are intended for local Illinois school boards faced with surplus school property. School boards should have open meetings to advise the community of the decision to sell or lease the property. Liaison committees should be established for communication between the school board and the city council, planning commission, and zoning board. Legal counsel can help the board through the legal and marketing phases of the project. At least two appraisals should be secured to help the board establish a fair market value, and an inquiry process is recommended to let the public and private sectors know that the district is seeking alternative uses of surplus properties. Finally, a marketing plan should be developed and a timetable established. The appendixes (two-thirds of the document) contain sample forms of: a school board resolution authorizing property sale, a contract of sale, a bid form, pertinent sections of "The School Code of Illinois," a section of an appraisal, questions to be ansered by potential bidders, tabulation of prospective purchasers, a notice of sale, and an advertisement for an inquiry period. (MLF)

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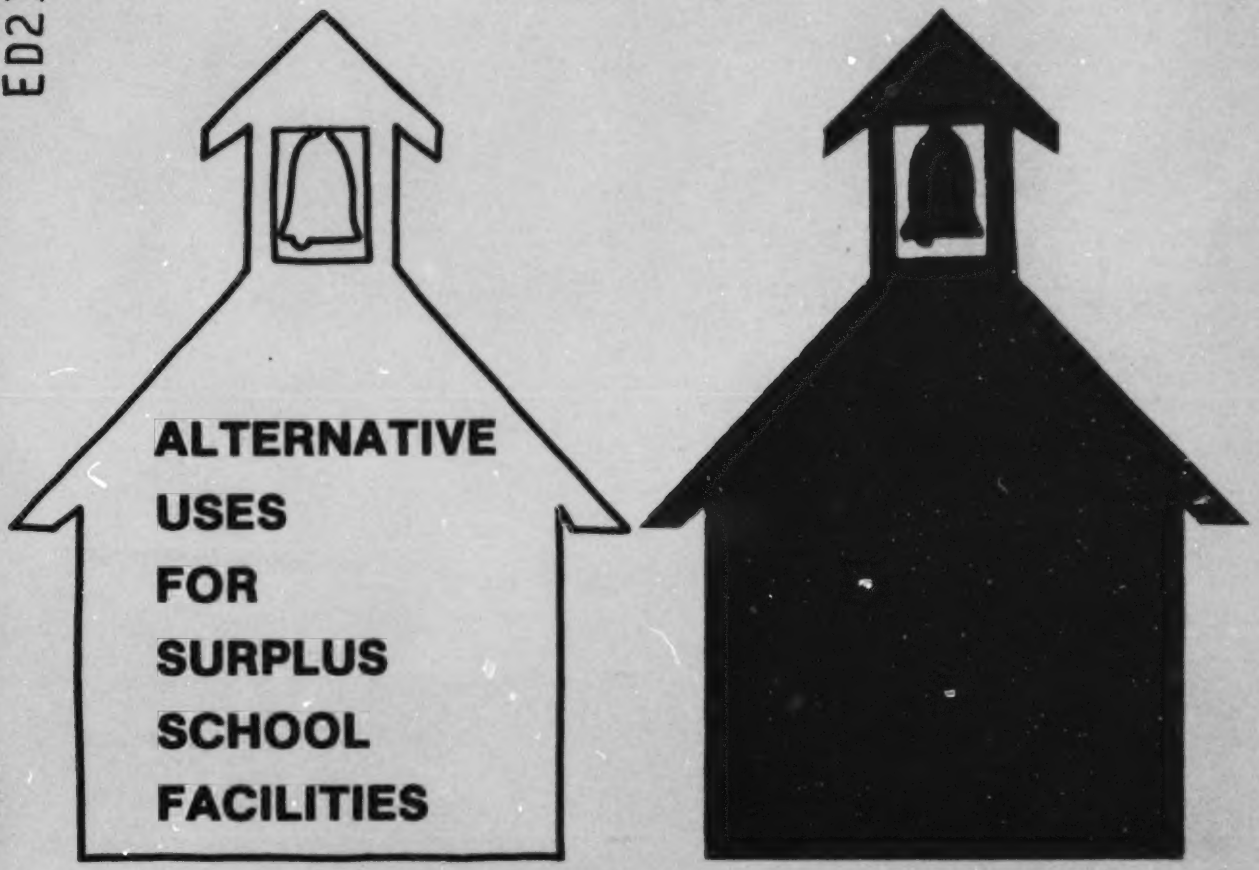

EA 016 379

ILLINOIS STATE BOARD OF EDUCATION

DEPARTMENT OF PLANNING, RESEARCH AND EVALUATION

ALTERNATIVE USES FOR SURPLUS SCHOOL FACILITIES

ILLINOIS STATE BOARD OF EDUCATION

DEPARTMENT OF PLANNING, RESEARCH AND EVALUATION

School District Organization and Facilities Sect[illegible]

1983

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PREFACE

School boards are now being challenged by a new phenomenon called surplus properties. This new challenge of what to do with surplus properties is not an easy one for school districts to solve. In order for a school district to resolve this challenge it must take into consideration the legal, emotional, and fiscal aspects of finding an acceptable alternative use of the property.

The Illinois State Board of Education staff has reviewed various options that may be available to local school boards. The suggestions contained herein are intended to serve as a guide for school boards in the search for alternative uses of school properties within the constraints imposed on the districts by The School Code of Illinois.

The School Organization and Facilities Section of the Illinois State Board of Education is available to assist school boards and administrators as they face the problems resulting from changing enrollment patterns and scarce financial resources.

FINDING ALTERNATE USES FOR SURPLUS SCHOOL PROPERTIES

School Board Meetings

The first area about which the school board should be concerned is the establishment of credibility within the community. In order to establish credibility all deliberations regarding the alternative uses should be discussed in open school board meetings with notice given to the community that the topic will be on the agenda. Under the Illinois Statutes, no executive meetings may be held to discuss conditions of sale, lease, or other alternative uses of school district property. The involvement of the community is essential in establishing the board's credibility and the community's acceptance of the deliberations.

An experienced legal counsel with expertise in the real estate field should be employed to help the school board through the legal and marketing phases of the project. Liaison committees should be established so that communication can flow accurately and freely between the school board and the city/town/village council, Planning Commission, Zoning Board, etc. This is an important step because in many instances zoning changes are required and cooperation between the different political bodies is essential to the successful determination of alternative uses of the buildings.

Some members of the city/town/village authorities may be unaware of the fact that The School Code of Illinois imposes restrictions on a school board's attempts to find alternative uses for its properties, and that these legal requirements must be met if school board members are to fulfill their legal responsibility. Therefore, it is essential to choose legal counsel with expertise in school and real estate law as an advisor to the school board.

LEGAL

With the exception of Cook County and charter districts, the titles to school properties are held by the regional board of school trustees rather than the school boards. Therefore, school boards, by passage of an appropriate resolution, must direct the school trustees of any action to be taken regarding a school building.

All school board members, administrators, and legal advisors should be familiar with Chapter 122, Section 5-22 through Section 5-29 along with other pertinent sections of The School Code of Illinois. These sections of the Code describe the methods by which school districts may request alternative uses through the school trustees. Following is a synopsis of avenues available for sale and leasing of school properties.

Chapter 122 of the Illinois Revised Statutes provides the following methods of disposition of improved school real estate:

1. Sale

   a. By public sale, either auction or sealed bids, pursuant to a published notice of sale either with or without a minimum selling price. If a minimum price is established and not met, a real estate broker may be retained for subsequent public sale. (Sec. 5-22)

   b. A sale may be made to another school district on negotiated terms. (Sec. 16-3)

   c. Property may be exchanged when the property received is to be used as a substitute site. (Sec. 5-23)

   d. Sale may be made to another school district or other municipality by petition, Board action, and referendum. (Sec. 5-24)

2. Lease

   a. Property may be leased to another school district, municipality or body politic and corporate for a term not to exceed 25 years. (Sec. 10-22.11(a))

   b. Property may be leased for educational purposes or any other purpose which serves the interests of the community for a term not to exceed ten years. Suitable leases may include an entity which provides educational services, governmental services or civic services to residents of the community. (Sec. 10-22.11(c))

A sample resolution, contract of sale, bid form, and copies of pertinent sections of the School Code of Illinois are included in the Appendix.

In summary, the school district may negotiate a sale or lease with another body politic under the conditions set forth in the statutes. If the sale is to an organization or a person in the private sector, then the sale of the building must be by auction and/or sealed bid as specified in the School Code. If the building is to be leased to another school district or body politic, the term shall not exceed twenty-five (25) years. If the district decides to lease the property to an organization or an individual from the private sector, then the term of the lease shall not exceed ten (10) years.

APPRAISAL

It is recommended that the school board engage not less than two independent appraisal firms to conduct appraisals of the property in order that the board may have a basis for establishing a sale price, or a lease price for entering negotiations. It is further recommended that the appraisal firms engaged by the board have a staff that has met the Master Appraisal Institute (MAI) requirements. It is also suggested that the individual and/or firms engaged for the appraisal project be from the surrounding area but not necessarily from the local community. Efforts should be taken by the school district to avoid any implication of conflict of interest in the appraisal report.

The appraisal report should incorporate the value of the property for similar use, a value for rental, a value for highest and best use, and should also contain the appraiser's definition of fair market value, a definition of highest and best use, legal descriptions, location, a statement about the community and neighborhood, conditions of the site, access to the building, zoning, special uses, description of the building, description of the building improvements and values for all of the suggested uses contained in the appraisal. A sample section of an MAI appraisal may be found in the Appendix.

MARKETING PLAN

A marketing plan should be developed and a timetable established after the board has had open meetings to advise the community of the decision to sell or lease the property, after legal counsel expert in school law and real estate has been engaged, and after two appraisals have been secured to help the board establish a fair market value for an alternative use of the property.

INQUIRY PROCESS

It is recommended that the board go through an inquiry process wherein it is made known to both public and private sectors that the district is seeking alternative uses for surplus properties. This is not to be confused with attempting to sell the building. In order to create interest, it is suggested that a picture advertisement be placed in real estate trade magazines, local newspapers and other publications that serve the community. The advertisement should specify that it is an inquiry process and indicate who the interested parties should contact to find out more about the building. The school district should have informative materials available and be willing to show the building at the request of interested parties. The district should have available information regarding building operational costs, original floor plans, survey, salient facts from the appraisal, zoning information, contingencies for sale, pictures of the building, opinions of the residents of the neighborhood about the use of the building, and a set of questions to be answered in writing by potential bidders. A sample set of the questions is included in the Appendix.

The purpose of the inquiry process is to determine the market for the facility the board is attempting to sell or lease. It also helps the board to determine zoning requirements and a minimum price for the building. It is recommended that the inquiry process cover a period of 4-6 weeks.

Upon termination of the inquiry process a report should be made to the board for discussion and analysis prior to setting the minimum price, dates, and other contingencies that may be included in a notice of sale. A sample report is included in the Appendix.

SALE AND/OR LEASE OF A BUILDING

If a building is to be leased, the negotiation of the lease is a fairly simple matter. However, if the board elects to dispose of the building and/or property, then the process becomes more complicated. After the board has determined the minimum price it will accept for the property, it must establish a date, time, and place for the sale. This process is formalized by passing an appropriate resolution (see sample in Appendix), directing the trustees to sell the building according to the stipulations listed in the resolution. The trustees must act within sixty (60) days after receiving such notice to sell the property at a public sale. A notice of the time, place, and terms of the sale must be published once each week for three (3) successive weeks prior to the date of sale in a newspaper published in the district. If no such newspaper is published in the district, then the notice must be published in a newspaper published in the county and having a general circulation in the district.

The board should have available for interested bidders the following materials: a picture of the building, operational costs of the building, notice of sale, contract for the successful bidder, bid forms, floor plans, original and current blueprints, appraisal reports, zoning maps, zoning requirements, legal description, and community information.

In order to generate interest in the property it is suggested to again place an advertisement in real estate magazines, local newspapers and any other publications that would reach potential purchasers.

Boards of Education are cautioned to make it very clear in the text of the advertisement that the advertisement is not a notice of sale. Details of where and when the notice of sale and conditions of sale of the property are to be found should be included in the text. The advertisement is strictly for generating interest. The legal notice is the only publication wherein conditions of the sale are outlined.

CONTINGENCIES

The fewer contingencies contained in the conditions of sale the better it will serve the school district. Naturally, one of the major contingencies will be zoning. The more zoning options avaliable, the greater potential of more bidders.

Another possible major contingency would be financing. Alternative financing sources should be explored to determine those most beneficial to the district. A financing contingency can tie up the transaction for a long period of time with the high probability of the district having to void the contract.

Other contingencies that should be considered are:

(1) feasibility study
(2) minimum square footage of rentals
(3) building code variations
(4) formation of partnerships

Hopefully, the first process of marketing a building will be successful and an alternative use will be found for the property. If not, then the process may be regenerated. The board may now engage a real estate broker to help find a purchaser for the property. The broker's commission cannot exceed the level established by statute.

These suggestions are presented in the hope that some or all may be beneficial to school districts that are endeavoring to establish a marketing plan for finding alternative uses for surplus facilities. Each school district will have to determine which of the suggestions would be beneficial for its respective situation.

APPENDIX

Exhibit 1 .....School Board Resolution

Exhibit 2 ..... Contract of Sale

Exhibit 3 ..... Bid Form

Exhibit 4 ..... Pertinent Sections of The School Code of Illinois

Exhibit 5 ..... Sample Section of Appraisal

Exhibit 6 ..... Questions to be Answered by Potential Bidders

Exhibit 7 ..... Tabulation of Prospective Purchasers

Exhibit 8 ..... Notice of Sale

Exhibit 9 ..... Advertisement for Inquiry Period

SAMPLE

EXHIBIT #1

SCHOOL BOARD RESOLUTION -

RESOLUTION AUTHORIZING SALE OF CERTAIN LAND IN _____

WHEREAS, the Board of Education of _____ is the owner of an improved parcel of land located at _____ commonly known as _____, title of which is held for its benefit by the _____; and

WHEREAS, the legal description of said parcel of property is set forth as follows:

_____

_____

_____

_____

and

WHEREAS, the Board of Education of _____ has determined that said parcel of land and improvements thereon have become unnecessary, unsuitable and inconvenient for the uses of the _____ (hereinafter called the "School District"); and

WHEREAS, the Board of Education of _____ has determined that it is in the best interests of the School District to sell said parcel of land with improvements thereon in accordance with Section 5-22 of The School Code of Illinois;

Now, therefore,

BE IT RESOLVED by the Board of Education of _____ (hereinafter called the "Board") as follows:

Section 1: The Board hereby finds and declares that the following described improved property:

_____

_____

_____

_____

(hereinafter called the "Property") is unnecessary for the uses of the School District.

Section 2: The Board hereby directs the Board of School Trustees (hereinafter referred to as the "Trustee") to sell the Property in accordance with the provisions of Section 5-22 of The School Code of Illinois.

Section 3: The Board hereby authorizes and directs its Secretary to give notice to the Trustees of its desire to sell the Property in accordance with Section 5-22 of The School Code of Illinois subject to the following terms and conditions:

(a) That the successful bid shall not be less than $_____.

(b) The public sale shall be held on (date)_____ as set by the Trustees and said notice duly published in accordance with The School Code of Illinois.

(c) The successful bidder shall submit a certified check in the amount of ____ percent (__%) of the bid as earnest money which shall be applied to the purchase price upon consummation of the sale. Mailed bids must be accompanied by the earnest money. Within ten days of rejection of the bid, unsuccessful bidders shall receive a return of their certified check. Bidders are asked to submit financial statements or other information which might be useful to the board in assessing each bidder's qualifications to complete the sale.

(d) The Board reserves the right to reject any or all bids. The Superintendent or the Business Manager of this School District shall notify bidders of the Board's action in rejecting or accepting any or all of the bids received. Such notice shall be given within 48 hours of the date and time of the public sale set forth above by the placement of such notification in the United States Mail.

(e) As a condition to the obligations of the successful bidder to close the sale, the Property must be rezoned for the bidder's intended business use (which shall be set forth in the bid) and which is included either in an R4 Multiple-Family Dwellings District or an Office-Research District under the Zoning Ordinance of the _____ (one of which Districts shall be specifically designated in the bid) together with variations of rear yard and side yard requirements under said Ordinance along the North line and East line of the Property for access and parking. The Property is not now so zoned. After the successful bid has been accepted by the Board, the Board and the successful bidder shall join in a mutual effort, but at the cost of the successful bidder, to obtain such designated zoning and yard variations. The Board and Trustees shall join in the petition for rezoning and yard variations to the extent necessary or required by the zoning authorities of _____. The successful bidder shall carry the principal burden and shall use its best efforts to obtain such rezoning and yard variations. If such rezoning and variations are not finally obtained from the _____ on or before _____, 19__, either the Board or successful bidder may terminate the contract created by the acceptance of such bidder's bid by the Board, whereupon the earnest money shall be returned to the bidder. The Board for itself and the Trustees shall have the authority to consent to such amendments in the rezoning application or to grant such extensions of time to obtain such rezoning and variations requested by the bidder; provided, however, in no event shall the date for obtaining such rezoning and variations be extended beyond _____, 19__.

(f) The closing date for the sale shall be not more than thirty (30) days after the zoning and variations referred to above have been finally obtained from the _____.

(g) The Trustees shall convey title to the Property to the successful bidder, or to its nominee if notified by the bidder in writing not less than ten (10) days before the date of closing, by trustees deed subject to the following, if any: (1) all taxes and special assessments levied or confirmed after the bidding date; (2) building restrictions of record and building line; conditions and covenants of record as to use and occupancy; zoning laws and ordinances; (3) easements for public utilities; (4) public roads; (5) drainage ditches and easements pertaining thereto, feeders and laterals.

(h) Not less than ten (10) days prior to closing the bidder will be furnished with a commitment for title insurance from a title company licensed to do business in the State of Illinois in the amount of the purchase price subject to the items listed above and other standard exceptions contained in such title commitment.

(i) The Property is improved with a school building, which is being conveyed as part of the Property. The building shall be transferred in an "as is" condition without any warranty, express or implied, as to habitation or fitness.

(j) Should the bidder fail to perform under the above terms and conditions, upon notice to bidder, the earnest money shall be forfeited and the contract of sale shall thereupon become null and void. Neither the Trustee nor the Board shall be liable for any real estate broker's commission.

(k) Prior to closing date the bidder will be furnished an in place plat of survey of the Property showing the building thereon within the property lines prepared by a licensed surveyor.

(l) All notices from the bidder shall be in writing and shall be served personally or by registered or certified mail to _____, at the time of the acceptance of the winning bid, the successful bidder shall designate a name and address where notices in writing served personally or by registered mail may be delivered to him.

(m) Any funds received from the sale of the Property shall be turned over to the Treasurer of the School District for deposit to the account of the School District.

APPROVED this _____.
DATE

_____
President, Board of Education,

ATTEST:

_____
Secretary, Board of Education,

S A M P L E

EXHIBIT #2

CONTRACT OF SALE

THIS CONTRACT IS ENTERED INTO THIS _____ day of _____, 19__, by SCHOOL DISTRICT _____ (the School District) and _____ (Buyer):

W I T N E S S E T H:

WHEREAS, the School District is the beneficial owner of the following described property._____

_____

_____

_____

_____

_____

_____

commonly known as_____

(the Property), and_____

WHEREAS, the Trustees of Schools of _____ (the Trustees) hold legal title to the Property; and

WHEREAS, Notice of Sale has been duly published in accordance with The School Code of Illinois and other applicable statutes of the State of Illinois; and

WHEREAS, Buyer did submit a bid of $_____ together with earnest money in the amount of $_____ pursuant to said Notice of Sale; and

WHEREAS, the School District has accepted said bid of Buyer, and Buyer and the School District desire to memorialize said bid and its acceptance by this Contract.

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Buyer and the School District agree as follows:

(1) The Purchase price of the Property is $_____ payable as follows: (i) $_____ (as earnest money herewith) and (ii) the balance by cash or certified check upon delivery of the deed at closing.

(2) The Trustees shall convey title of the Property to the Buyer, or the Buyer's nominee if notified by Buyer in writing not less than 10 days before date of closing, by trustee's deed subject to the following, if any:

(a) All taxes and special assessments levied or confirmed after this date;

(b) Building restrictions of record and building lines; conditions and convenants or record as to use and occupancy; zoning laws and ordinances;

(c) Easements for public utilities;

(d) Public roads;

(e) Drainage ditches and easements pertaining thereto, feeders and laterals.

(3) As a condition to the obligations of Buyer to close the sale, the Property must be rezoned for the Buyer's intended business use which is _____

_____

_____

and which is included in an R4 Multiple-Family Dwellings District or an Office-Research District under the Zoning Ordinance of _____ the _____ together with variations of rear yard and side yard requirements under said Ordinance along the North line and East line of the Property for access and parking. The Property is not now so zoned. The Board and Buyer shall join in a mutual effort, but at the cost of the Buyer, to obtain such designated zoning and yard variations. The Board and Trustees shall join in the petition for rezoning and yard variations to the extent necessary or required by the zoning authorities of the _____. Buyer shall carry the principal burden and shall use its best efforts to obtain such rezoning and yard variations. If such rezoning and variations are not finally obtained from the _____ on or before _____, either the Board or Buyer may terminate this contract, whereupon the earnest money shall be returned to Buyer. The Board for itself and the Trustees shall have the authority to consent to such amendments in the rezoning application or to grant such extensions of time to obtain such rezoning and variations requested by the Buyer; provided, however, in no event shall the date for obtaining such rezoning and variations be extended beyond _____.

(4) The closing date for the sale shall be not more than thirty (30) days after the zoning and variations referred to above have been finally obtained from the _____

(5) Not less than 10 days prior to closing Buyer will be furnished with commitment for title insurance from a title company licensed to do business in the State of Illinois in the amount of the purchase price subject to the exceptions above listed and other standard exceptions contained in such title commitment.

(6) Prior to closing date the Buyer will be furnished an in place plat of survey of the Property showing the building(s) thereon and the property lines prepared by a licensed surveyor.

(7) The real estate is improved with a school building(s), which is being conveyed as part of the real estate. The building(s) shall be transferred in an "as is" condition without any warranty, express or implied, as to habitation or fitness.

(8) Should Buyer fail to perform under the above terms and conditions, upon notice to the Buyer, the earnest money shall be forfeited and this Contract of Sale shall thereupon become null and void. Neither the Trustees or School District shall be responsible for any real estate broker's commission.

(9) All notices from Buyer shall be in writing and shall be served personally or by registered or certified mail on _____. All notices from the School District shall be in writing and shall be served personaly or by registered or certified mail on _____.

(10) Any and all funds received from the sale of the Property shall upon completion of said sale be turned over to the Treasurer of the School District for deposit to the account of the School District.

APPROVED this _____
Date

_____
President, Board of Education

_____
Buyer

ATTEST:

_____
Secretary, Regional Board of School Trustees

SAMPLE

EXHIBIT #3
BID FORM

OFFER TO PURCHASE
PROPERTY LOCATED AT

_____

The undersigned hereby offers to purchase the property, commonly known as _____ as described in the "Notice of Sale" published in _____ on _____ for the sum of $_____. A certified check in the amount of $_____, which is not less than ____ percent (__%) of the bid, is hereby submitted.

The undersigned's intended business use is

_____

_____

which is permitted in an R4 Multiple-Family Dwellings District or an Office-Research District (STRIKE THE DISTRICT WHICH DOES NOT APPLY) under the Zoning Ordinance of the _____. The undersigned's obligations to close the sale shall be conditional upon the property being rezoned to such district with yard variations as set forth in the Notice of Sale.

This bid is subject to conditions contained in the aforesaid "Notice of Sale" as published in _____

SIGNATURE OF BIDDER: _____

ADDRESS: _____

_____

_____

PHONE NO.: _____

DATE OF BID: _____

EXHIBIT #4

PERTINENT SECTIONS OF THE SCHOOL CODE OF ILLINOIS

(Limited; reference should be made to specific Legislative changes)

SCHOOLS

* 5-22. Sale of school sites, buildings or other real estate.

When in the opinion of the school board, a school site, or portion thereof, building, or site with building thereon, or any other real estate of the district, has become unnecessary or unsuitable or inconvenient for a school, or unnecessary for the uses of the district, the school board, by a resolution adopted by at least two-thirds of the board members, may direct that said property be sold in the manner provided in "An Act in relation to the transfer of interests in real estate by units of local government or school districts", approved July 2, 1925, as now or hereafter amended, or in the manner herein provided. The school board shall forthwith notify the trustees of schools or other school officials having legal title to such land of the terms upon which they desire the property to be sold. If the property is to be sold to another unit of local government or school district, the trustees of schools or other school officials having legal title to such land shall proceed in the manner provided in "An Act in relation to the transfer of interests in real estate by units of local government or school districts", approved July 2, 1925, as now or hereafter amended. In all other cases the trustees of schools or other school officials having legal title to such land shall, within 60 days after receiving such notice, sell the property at public sale by auction or sealed bids, after first giving notice of the time, place, and terms thereof by notice published once each week for 3 successive weeks prior to the date of the sale if sale is by auction, or prior to the final date of acceptance of bids if sale is by sealed bids, in a newspaper published in the district or, if no such newspaper is pubished in the district, then in a newspaper published in the county and having a general circulation in the district; however, if territory containing a school site, building, or site with building thereon, is detached from the school district of which it is a part after proceedings have been commenced under this section for the sale of such school site, building, or site with building thereon, but before such sale is held, then such trustees shall not advertise or sell such school site, building, or site with building thereon, pursuant to such proceedings. The notices may be in the following form:

NOTICE OF SALE

Notice is herby given that on the _____ day of _____, 19__, the (here insert title of school officials holding legal title) of (county) (township No....., Range No. P.M.) will sell at public sale (use applicable alternative) at _____ (state location of sale which shall be within the district), at _____ m., (by taking sealed bids which shall be accepted until _____ M., on the _____ day of _____, 19___, at (here insert location where bids will be accepted which shall be within the district) which bids will be opened at _____ M. on the _____ day of _____, 19___, at (her insert location where bids will be opened which shall be within the district) the following described property: (here describe the property), which sale will be made on the following terms to-wit: (here insert terms of sale)

- - - -
- - - -
- - - - 24

(Here insert title of school
officials holding legal title)

For purposes of determining "Terms of sale" under this Section, the General Assembly declares by this clarifying and amendatory Act of 1983 that "terms of sale" are not limited to sales for cash only but include contracts for deed, mortgages, and such other seller financed terms as may be specified by the school board.

If a school board specifies a reasonalbe minimum selling price and such price is not met, or if no bids are received, the trustees of schools or other school officials having title to the school property shall upon receipt of a resolution by the board of education so directing, engage the services of a licensed real estate broker, for a commission not to exceed 7 percent made contingent on the sale of said property within 120 days, to sell such property. The board may accept a written offer equal to or greater than the established minimum selling price for the described property. The services of a licensed real estate broker may be utilized to seek a buyer. If the board lowers the minimum selling price on the described property, the public sale procedures set forth in this Section must be followed. The board may raise the minimum selling price without repeating the public sale procedures.

The deed of conveyance shall be executed by the president and clerk or secretary, and the proceeds paid to the school treasurer for the benefit of the district; provided, that the proceeds of any such sale on the island of Kaskaskia shall be paid to the State Treasurer for the use of such district and shall be disbursed by him in the same manner as income from the Kaskaskia Commons permanent school fund. The school board shall use the proceeds from the sale first to pay the principal and interest on any outstanding bonds on the property being sold, and after all such bonds have been retired may utilize the proceeds from the sale for any authorized purpose and may deposit the proceeds into any district fund. But whenever the school board of any school district determines that any schoolhouse site with or without a building thereon is of no further use to the district, and agrees with the school board of any other school district within the boundaries of which the site is situated, upon the sale thereof to such district, and agrees upon the price to be paid therefore, and such site is selected by such purchasing district in the manner required by law, then after the payment of the compensation the township trustees or other school officials having legal title to such land of the schools shall, by proper instrument in writing, transfer the use of the site to the purchasing district. The provisions of this Section shall not apply to any sale made pursuant to Section 5-23 or Section 5-24 or Section 32-4.

5-23. Exchange of properties

Whenever the school board, by a two-thirds majority of its members shall find and declare the following propositions and shall cause to be recorded in the Recorder's Office a certificate embodying such findings and declarations duly signed by its president and attested by its secretary or clerk, then said school board may cause the exchange of a present school site or site with building thereon for a substitutional site without a referendum approving such exchange. The above findings and declarations shall establish the following: (1) That in the opinion of the school board a school site or site with building thereon has become unsuitable or inconvenient for a school; (2) that a substitutional school site has been offered in exchange for the present site which is a suitable, convenient and desirable site for a school and (3) that the value of the substitutional site is equal to or exceeds the value of the present site for which it is to be exchanged, the criterion of value to be that of a fair market value. When such certificate has been recorded as aforesaid, the school board shall transmit a copy of said certificate to the trustees of schools or other school officials having legal title to such land and shall request the execution of a deed of conveyance by the president and clerk, or secretary, as the case may be, to be delivered upon the receipt of a good and sufficient deed conveying to the trustees of schools or other school officials entitled under the statute to hold legal title to lands in the particular school district a good title to the substitutional site; and such president and clerk, or secretary, as the case may be, shall comply with such request. The certificate provided for shall set forth an accurate legal description of the present school site and of the substitutional site offered as aforesaid.

5-24. Sale to another school district or municipality

Sale to another school district or municipality. Whenever a petition is presented to the school board of a school district requesting the sale of school grounds and buildings to another school district or other municipality, which petition is signed by 10% of the voters of the district, the school board of the district shall adopt a resolution for the sale of such school grounds and buildings, and fix the price therefor, and shall thereupon order the secretary to certify to the proper election authorities the proposition for submission to the voters of the district in accordance with the general election law; and if a majority of the votes cast upon the proposition are in favor of the sale, then the trustees of schools of the township in which the school district is located or other school officials having legal title shall convey by its president and clerk or secretary, upon receipt of the purchase price, the property so to be sold; and the purchase price thereof shall be placed with the proper treasurer for the benefit of the school district so selling the property.

10-22.11 Lease of school property. (a) to lease school property to another school district, municipality or body politic and corporate for a term of not to exceed 25 years, except as otherwise provided in this Section, and upon such terms and conditions as may be agreed if in the opinion of the school board use of such property will not be needed by the district during the term os such lease; provided, the school board shall not make or renew any lease for a term longer than 10 years, nor alter the terms of any lease whose unexpired term may exceed 10 years without the vote of 2/3 of the full membership of the board.

(b) Whenever the school board considers such action advisable and in the best interests of the school district, to lease vacant school property for a period not exceeding 51 years to a private not for profit school organization for use in the care of the trainable and educable mentally handicapped persons in the district or in the education of the gifted children in the district. Before leasing such property to a private not for profit school organization, the school board must adopt a resolution for the leasing of such property, fixing the period and price therefor, and call an election to be held in the district on the question of whether the lease should be entered into. If the majority of the voters voting upon the proposition is in favor of the leasing, the school board may proceed with the leasing. The proposition shall be submitted to the voters substantially as follows:

(c) To lease school buildings to suitable lessees for educational purposes or for any other purpose which serves the interests of the community, for a term not to exceed 10 years and upon such terms and conditions as may be agreed upon by the parties, when such buildings are declared by the board to be temporarily unnecessary or unsuitable or inconvenient for a school or the uses of the district during the term of the lease and when, in the opinion of the board, the best interests of the residents of the school district will be enhanced by entering into such a lease. Such leases shall include provisions for adequate insurance for both liability and property damage or loss, and reasonable charges for maintenance and depreciation of such buildings.

10-22.35A School sites and office facilities. To buy sites for buildings for school purposes with necessary ground, including sites purchased under section 10-22.31b, or to buy sites and facilities for school offices. The purchase of such sites or office facilities may be by contract for deed when the board deems such contract advantageous to the district, but any such contract or any transaction arising out of such contract may not exceed 10 years in length, and interest on the unpaid balance of such contract may at no time exceed 6% per annum.

To take and purchase the site for a building for school purposes either with or without the owner's consent by condemnation or otherwise. To pay the amount of any award made by a jury in a condemnation proceeding. To select and purchase all such sites and office facilities desired without the submission of the question at any referendum, and to enter into an option to purchase with respect to any such site or sites and facilities for school offices.

16-3. TRANSFER OF SITE TO PURCHASING DISTRICT

Whenever the school board of any school district determines that any schoohouse site with or without a building thereon is of no further use to the district and agrees with the school board of any other school district within or adjacent to the boundaries of which the site is situated upon the sale thereof to such district and the price to be paid therefore, and such sites are selected by the purchasing district in the manner prescribed by law, after the payment of the compensation, the trustees of schools of the township, county board of school trustees or township land commissioners, as the case may be, shall, by proper instrument in writing, transfer the use of the site to the purchasing district.

EXHIBIT #5

SAMPLE SECTION OF APPRAISAL

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location: _____

Appraisal Date: _____

Land Size: 4.84± acres

Building Size: 73,070 square feet

Zoning: R-1, Single Family Residential, by the

Highest & Best Use: Under existing zoing:
School or other institutional use

Under rezoning to office/research facility and ability to assemble the 99,500 square foot adjacent park land:
Office/research facility

In this instance, we were instructed by our client to estimate a value for the subject property, assuming five potential premises for the subject property, as outlined below:

1.a) Value as a school or similar institutional use, without adjacent park land $ 730,000

1.b) Value as a school or similar institutional use, with adjacent park land available, and with valuation of such land $ 850,000

2. The foregoing values converted into annual rentals for leases for terms of five years, ten years, 15 years, 20 years, and 25 years

	1.a)		1.b)
5	$65,700	5	$76,500
10	$62,050	10	$72,250
15	$58,400	15	$68,000
20	$54,750	20	$63,750
25	$51,100	25	$59,500

3.a) Value at highest and best use without adjacent park land

$1,200,000

3.b) Value at highest and best use with adjacent park land available, and with valuation of such land. $1,650,000

ASSIGNMENT, DATE AND PURPOSE OF THE APPRAISAL

The purpose of the appraisal, in this instance, is to estimate the value of the subject property under the following five separate premises requested by our client, as of _____ and to assist our client in determining the disposition of the property, together with its desirability as a rental property.

1.a) Value as a school or similar institutional use, without adjacent park land

1.b) Value as a school or similar institutional use, with adjacent park land available, and with valuation of such land

2. The foregoing values converted into annual rentals for leases with terms of five years, ten years, 15 years, 20 years, and 25 years

3.a) Value at highest and best use without adjacent park land

3.b) Value at highest and best use with adjacent park land available, and with valuation of such land

The entire fee simple title to the subject property is being appraised.

DEFINITION OF FAIR MARKET VALUE

Fair Market Value, as set forth, is defined by the American Institute of Real Estate Appraisers as: The highest price estimated in terms of money which a property will bring if exposed for sale in the open market, allowing a reasonable time to find a willing purchaser who buys with the knowledge of all the uses to which it is adapted, and for which it is capable of being used.

EXHIBT #6

Questions to be Answered by Potential Bidders

Questions for persons expressing interest in the purchase of the foregoing property:

1. Indicate the approximate price range for the property, as is, if purchased for the proposed development.

2. Briefly describe the intended use.

3. What zone would be required under the _____ Zoning Ordinance?

4. Would the building be demolished in whole or in part? If in part indicate which part or parts.

5. Would the exterior of the present building be altered? If so, please describe.

6. Estimate the number of persons who would be on site after the property is fully developed.

7. If the property after development is to be leased or sold to more than one user, indicate estimated number of units.

8. Describe the proposed parking and access arrangements.

9. Would additional land be required? If so, how much and where? (exact dimensions, if possible).

10. What would be the preferred timing for sale and development?

11. Indicate experience with similar developments.

12. Additional description or comment.

SAMPLE

EXHIBIT #7
TABULATION OF PROSPECTIVE PURCHASERS

Type of Purchaser	Use	Contingencies: Zoning	Contingencies: Other	No. of Users (Approx.)	Parking	Add'l Land Needed?	Development Date	Price Range: School	Price Range: Park Land (2+ acres)
Developer - A	Office	O-R		200	On Site	No	Immediate	$1,005,000	-0-
B	Office	O-R		200		Yes	Immediate	$1,005,000	$380,000
Developer	Housing	R-3	HUD	14 families 55 elderly 100 total	On Site	?	1 year HUD	$ 744,000	?
Developer	Housing Condos	R-4		50 units	On Site	No	Immediate	$750-800,000	
Builder	Housing	R-4	Permits Soil Tests	144 units	On Site	No	?	$1,000.00 cash	
Developer	Office	O-R	Easement to	350	On Site	No	Spring	$800-900,000	
Developer	Office	O-R		160	On Site	No	Immediate	$750,000	
Hospital	Ambulatory Care Center	R-4 Spec. Use		200	No Change	No	Immediate	$1,200,000	$450,000
Developer	Retirement Housing		HUD	350-400	On Site		see response		
Religious Organization	Church/ School	Spec. Use		250-400	On Site	No	Immdiate	$350-450,000	
0. Religious Organization	Elderly Housing	?	HUD						
1. Developer	Office	O-R		200-250	Park Land	Yes	Immediate	$750,000	$250,00
2. Developer	Office	O-R	Financing Permits	?	?	Yes	Immediate	$1,600,000 including park land	

SAMPLE

EXHIBIT #8

NOTICE OF SALE

NOTICE is hereby given that on the _____ the Trustees of Schools of _____

_____

(hereinafter called the "Trustees") will sell at public sale on the premises hereinafter described at the hour of _____ the following described property: _____

_____

_____

_____

(hereinafter called the "Property") commonly known as _____ the _____ and by street address _____ as _____ which sale will be made on the following terms and conditions:

(a) That the successful bid shall not be less than _____

(b) The public sale shall be held on _____ at _____ at _____ as set by the Trustees and said notice duly published in accordance with the School Code.

(c) The successful bidder shall submit a certified check in the amount of ____ percent (__%) of the bid as earnest money which shall be applied to the purchase price upon consummation of the sale. Mailed bids must be accompanied by the earnest money. Within ten days of rejection of the bid, unsuccessful bidders shall receive a return of their certified check. Bidders are asked to submit financial statements or other information which might be useful to the Board of Education of _____ (hereinafter called the "Board") in assessing each bidder's qualifications to complete the sale.

(d) The Board reserves the right to reject any or all bids. The Superintendent _____ of _____ (hereinafter called the "School District") shall notify bidders of the Board's action in rejecting or accepting any or all of the bids received. Such notice shall be given within 48 hours of the date and time of the public sale set forth above the placement of such notification in the United States Mail.

(e) As a condition to the obligations of the successful bidder to close the sale, the Property must be rezoned for the bidder's intended business use (which shall be set forth in the bid) and which is

included either in an R4 Multiple-Family Dwellings District or an Office-Research District under the Zoning Ordinance of the _____ (one of which Districts shall be specifically designated in the bid) together with variations of rear yard and side yard requirements under said Ordinance along the North line and East line of the Property for access and parking. The Property is not now so zoned. After the successful bid has been accepted by the Board, the Board and the successful bidder shall join in a mutual effort, but at the cost of the successful bidder, to obtain such designated zoning and yard variations. The Board and Trustees shall join in the petition for rezoning and yard variations to the extent necessary or required by the zoning authorities of the _____. The successful bidder shall carry the principal burden and shall use its best efforts to obtain such rezoning and yard variations. If such rezoning and variations are not finally obtained from the _____ on or _____, either the Board or successful bidder may terminate the contract created by the acceptance of such bidder's bid by the Board, whereupon the earnest money shall be returned to the bidder. The Board for itself and the Trustees shall have the authority to consent to such amendments in the rezoning application or to grant such extensions of time to obtain such rezoning and variations requested by the bidder; provided, however, in no event shall the date for obtaining such rezoning and variations be extended beyond April 30, 1980.

(f) The closing date for the sale shall be not more than thirty (30) days after the zoning and variations referred to above have been finally obtained from the appropriate zoning authority.

(g) The Trustees shall convey title to the Property to the successful bidder, or to its nominee if notified by the bidder in writing not less than ten (10) days before the date of closing, by trustees deed subject to the following, if any: (1) all taxes and special assessments levied or confirmed after the bidding date; (2) building restrictions of record and building line; conditions and covenants of record as to use and occupancy; zoning laws and ordinances; (3) easements for public utilities; (4) public roads; (5) drainage ditches and easements pertaining thereto, feeders and laterals.

(h) Not less than ten (10) days prior to closing, the bidder will be furnised with a commitment for title insurance from a title company licensed to do business in the state of Illinois in the amount of the purchase price subject to the items listed above and other standard exceptions contained in such title commitment.

(i) The Property is improved with a school building, which is being conveyed as part of the Property. The building shall be transferred in an "as is" condition without any warranty, expressed or implied, as to habitation or fitness.

(j) Time is of the essence. Should the bidder fail to perform under the above terms and conditions, upon notice to bidder, the earnest money shall be forfeited and the contract of sale shall thereupon become null and void. Neither the Trustees nor the Board shall be liable for any real estate broker's commission.

(k) Prior to closing date the bidder will be furnished an in place plat of survey of the Property showing the building thereon within the building and property lines prepared by a licensed surveyor.

(l) All notices from the bidder shall be in writing and shall be served personally or by registered or certified mail to _____ Superintendent _____. At the time of the acceptance of the winning bid, the successful bidder shall designate a name and address where notices in writing served personally or by registered mail may be delivered to him.

(m) Any funds received from the sale of the Property shall be turned over to the Treasurer of the School District for deposit to the account of the School District.

EXHIBIT #9

SAMPLE ADVERTISEMENT FOR INQUIRY PERIOD

_____ invites Expressions of Interest Regarding the Purchase of _____

_____ School Board is considering the sale or other disposition of all or part of _____. Before publishing an invitation for bids to purchase all or part of the property, the School Board invites expressions of interest and development concepts from potential purchasers as a possible guide to the School Board in structuring its invitation for bids.

Interested parties may request an appointment or write to _____ Superintendent _____ Plans of the Building are available upon request. The School Board plans to end this inquiry process on or about _____ is not offering the _____ property lot sale at this time and will not be liable for any real estate broker's commissions in connection with this property.

BGS/MLI 1170e

Illinois
State Board of
Education

100 North First Street
Springfield, Illinois 62777

Walter W. Naumer, Jr., Chairman
Illinois State Board of Education

Donald G. Gill
State Superintendent of Education

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